

**FILED**  
6/22/2022

CM

THOMAS G. BRUTON  
CLERK, U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA )

v. )

KAREN CHRISTIAN-SMITH )

No. **1:22-CR-00319**

Violation: Title 18, United States  
Code, Section 1343

**JUDGE DURKIN**  
**MAGISTRATE JUDGE WEISMAN**

**COUNT ONE**

The SPECIAL APRIL 2021 GRAND JURY charges:

1. At times material to this indictment:

**Relevant Entities and Individuals**

a. The Grayslake Area Chamber of Commerce and Industry (the “Grayslake Chamber”) was an organization based in the Village of Grayslake, Illinois (the “Village”). The Grayslake Chamber was a not-for-profit organization under Section 501(c) of the Internal Revenue Code. According to its bylaws, the Grayslake Chamber was organized for the purpose of advancing the commercial, industrial, professional and civic interests of the Greater Grayslake area.

b. Defendant KAREN CHRISTIAN-SMITH was employed as the Executive Director of the Grayslake Chamber from in or around 2006 until on or about October 14, 2019. As Executive Director, CHRISTIAN-SMITH was paid a salary by the Grayslake Chamber and was authorized to expend funds belonging to the Grayslake Chamber to promote the purposes of the Grayslake Chamber.

c. The Grayslake Chamber maintained an account at PNC Bank (the “PNC account”), and an account at LaSalle Bank (the “LaSalle account,” and together with the PNC account, the “Chamber bank accounts”). CHRISTIAN-SMITH was an authorized signer on the Chamber bank accounts.

d. CHRISTIAN-SMITH maintained a personal checking account at Community Trust Credit Union. CHRISTIAN-SMITH and a family member also maintained a joint personal checking account at the State Bank of the Lakes. CHRISTIAN-SMITH was an authorized signer on each of these accounts (collectively, the “Christian-Smith personal accounts”).

e. Board Member B served on the board of directors of the Grayslake Chamber. Board Member B also operated an accounting firm (the “B-accounting firm”). The B-accounting firm handled some of the tax and payroll work for the Grayslake Chamber.

f. From in or around 2013 through in or around October 2019, CHRISTIAN-SMITH provided the B-accounting firm with quarterly payroll details reports that listed, among other things, the salary payments made by the Grayslake Chamber to CHRISTIAN-SMITH and other employees of the Grayslake Chamber. The B-accounting firm, on behalf of the Grayslake Chamber, used the payroll details reports to prepare (i) annual Wage and Tax Statements (Form W-2s); and (ii) quarterly Employer’s Quarterly Federal Tax Returns (Form 941s) that reported to the Internal Revenue Service (“IRS”), among other things, the wages paid to employees of the

Grayslake Chamber, including CHRISTIAN-SMITH. The B-accounting firm caused the Form 941s to be filed with the IRS.

g. As a 501(c) organization, the Grayslake Chamber was required to file annually with IRS a Return of Organization Exempt from Income Tax (Form 990) that reported, among other things, information about the revenues and expenses of the Grayslake Chamber.

2. From in or around 2013, and continuing until in or around October 2019, at Grayslake, in the Northern District of Illinois, Eastern Division, and elsewhere,

KAREN CHRISTIAN-SMITH,

defendant herein, knowingly devised, intended to devise, and participated in a scheme to defraud, and to obtain money and property of the Grayslake Chamber by means of materially false and fraudulent pretenses, representations, and promises, which scheme is further described below.

3. It was part of the scheme that CHRISTIAN-SMITH fraudulently converted funds belonging to the Grayslake Chamber to her own personal use and benefit by issuing unauthorized payments to herself in excess of her legitimate salary, and made and caused to be made materially false representations to the Grayslake Chamber, its membership, and others in order to conceal and retain the fraudulent payments.

4. It was further part of the scheme that CHRISTIAN-SMITH made numerous unauthorized withdrawals of funds from the Chamber bank accounts,

knowing that she was not entitled to the funds. The unauthorized withdrawals took the form of checks drawn on the Chamber bank accounts made payable to CHRISTIAN-SMITH. At times, CHRISTIAN-SMITH misrepresented the purpose of the checks by issuing them in the same amounts as her legitimate salary payments, and by making false and misleading entries on check memo lines.

5. It was further part of the scheme that CHRISTIAN-SMITH endorsed checks that she knew were unauthorized withdrawals and caused the checks to be deposited into the Christian-Smith personal accounts, intending to use the proceeds of these checks for her own personal use and benefit.

6. It was further part of the scheme that CHRISTIAN-SMITH spent substantially all the proceeds of the unauthorized withdrawals for her own personal use and benefit.

7. It was further part of the scheme that, in order to conceal and retain the fraudulent payments:

a. CHRISTIAN-SMITH prepared, caused to be prepared, submitted and caused to be submitted to the board of directors of the Grayslake Chamber false and misleading financial reports, which she knew substantially underreported the amounts of money she had paid herself from the Chamber bank accounts;

b. CHRISTIAN-SMITH provided to the B-accounting firm false and misleading payroll details reports that she knew substantially underreported the amounts of money she had paid herself from the Chamber bank accounts;



c. CHRISTIAN-SMITH prepared, caused to be prepared, filed and caused to be filed with the IRS false and misleading Form 990 returns, which she knew substantially underreported the amount of money she had paid herself from the Chamber bank accounts;

d. CHRISTIAN-SMITH made and signed under penalty of perjury, and caused to be filed with the IRS, false and fraudulent United States Individual Tax Returns (Form 1040s), which she knew substantially underreported the total income she had received from the Grayslake Chamber;

e. CHRISTIAN-SMITH failed to file an IRS Form 1040 for calendar year 2018; and

f. CHRISTIAN-SMITH failed to provide copies of the Chamber bank account records to the B-accounting firm, despite repeated requests from Board Member B to do so.

8. It was further part of the scheme that CHRISTIAN-SMITH misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the existence of the scheme and acts done in furtherance of the scheme.

9. As a result of the scheme, CHRISTIAN-SMITH fraudulently misappropriated at least \$300,000 belonging to the Grayslake Chamber.

10. On or about October 31, 2017, in the Northern District of Illinois, Eastern Division,

KAREN CHRISTIAN-SMITH,

defendant herein, for the purpose of executing the scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, data relating to the negotiation of a check, numbered 4276, in the amount of \$3,000.00, drawn on the PNC account and made payable to CHRISTIAN-SMITH, that was sent electronically for processing through PNC servers located outside Illinois;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL APRIL 2021 GRAND JURY further charges:

1. Paragraphs 1 through 9 of Count One are incorporated here.
2. On or about December 1, 2017, in the Northern District of Illinois, Eastern Division,

KAREN CHRISTIAN-SMITH,

defendant herein, for the purpose of executing the scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, data relating to the negotiation of a check, numbered 4299, in the amount of \$1,500.00, drawn on the PNC account and made payable to CHRISTIAN-SMITH, that was sent electronically for processing through PNC servers located outside Illinois;

In violation of Title 18, United States Code, Section 1343.

**COUNT THREE**

The SPECIAL APRIL 2021 GRAND JURY further charges:

1. Paragraphs 1 through 9 of Count One are incorporated here.
2. On or about February 2, 2018, in the Northern District of Illinois, Eastern Division,

KAREN CHRISTIAN-SMITH,

defendant herein, for the purpose of executing the scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, data relating to the negotiation of a check, numbered 4006, in the amount of \$2,000.00, drawn on the PNC account and made payable to CHRISTIAN-SMITH, that was sent electronically for processing through PNC servers located outside Illinois;

In violation of Title 18, United States Code, Section 1343.



**COUNT FOUR**

The SPECIAL APRIL 2021 GRAND JURY further charges:

1. Paragraphs 1 through 9 of Count One are incorporated here.
2. On or about May 29, 2019, in the Northern District of Illinois, Eastern Division,

KAREN CHRISTIAN-SMITH,

defendant herein, for the purpose of executing the scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, data relating to the negotiation of a check, numbered 4684, in the amount of \$4,000.00, drawn on the PNC account and made payable to CHRISTIAN-SMITH, that was sent electronically for processing through PNC servers located outside Illinois;

In violation of Title 18, United States Code, Section 1343.

**COUNT FIVE**

The SPECIAL APRIL 2021 GRAND JURY further charges:

1. Paragraphs 1 through 9 of Count One are incorporated here.
2. On or about October 1, 2019, in the Northern District of Illinois, Eastern Division,

KAREN CHRISTIAN-SMITH,

defendant herein, for the purpose of executing the scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, data relating to the negotiation of a check, numbered 4822, in the amount of \$5,000.00, drawn on the PNC account and made payable to CHRISTIAN-SMITH, that was sent electronically for processing through PNC servers located outside Illinois;

In violation of Title 18, United States Code, Section 1343.

**COUNT SIX**

The SPECIAL APRIL 2021 GRAND JURY further charges:

1. Paragraphs 1 through 9 of Count One are incorporated here.
2. On or about October 9, 2019, in the Northern District of Illinois, Eastern Division,

KAREN CHRISTIAN-SMITH,

defendant herein, for the purpose of executing the scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, data relating to the negotiation of a check, numbered 4845, in the amount of \$4000.00, drawn on the PNC account and made payable to CHRISTIAN-SMITH, that was sent electronically for processing through PNC servers located outside Illinois;

In violation of Title 18, United States Code, Section 1343.

**FORFEITURE ALLEGATION**

The SPECIAL APRIL 2021 GRAND JURY alleges:

1. Upon conviction of an offense in violation of Title 18, United States Code, Section 1343, as set forth in Counts One through Six of this indictment, defendant KAREN CHRISTIAN-SMITH shall forfeit to the United States of America any property which constitutes and is derived from proceeds traceable to the offense, as provided in Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. If any of the property described above, as a result of any act or omission by the defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty, the United States of America shall be entitled to forfeiture of substitute property, as provided in Title 21, United States Code Section 853(p).

A TRUE BILL:

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FOREPERSON

\_\_\_\_\_  
UNITED STATES ATTORNEY